

Message Text

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PAGE 01 MEXICO 15144 091756Z
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 FEA-01 FPC-01 ERDA-05 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /104 W
-----033585 100406Z /20

R 091751Z SEP 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 4865
INFO AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMCONSUL MONTERREY
AMCONSUL MAZATLAN POUCH
AMCONSUL MERIDA POUCH
AMCONSUL TIJUANA POUCH

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DEPT. PASS EX-IM FOR CRAFTON, MOORE AND BROISE, FEA
FOR WEST AND THOMPSON, FPC FOR CORNELIUS

E.O. 11652: AGDS: 9/31/77
TAGS: ENRG, EALR, BENC, BEXP, MX, JA
SUBJECT: PEMEX PLANS FOR GAS PIPELINE; EXPLORATION IN
BAJA CALIFORNIA

REF: MEXICO 14985

1. REFTTEL REPORTED BULK OF INFORMATION GATHERED IN
MEETINGS WITH PEMEX, NAFINSA, AND HACIENDA. THIS CABLE
CONTAINS SUPPLEMENTARY INFORMATION OBTAINED DURING THOSE
AND SUBSEQUENT MEETINGS WITH PEMEX OFFICIALS AND U.S.
COMPANIES.

2. JORGE DIAZ SERRANO (JDS) SAID PEMEX EXPECTS TO START
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PAGE 02 MEXICO 15144 091756Z

DIGGING THE FIRST TRENCHES FOR PIPE LAYING IN OCTOBER,
1977. IF CONSTRUCTION PROCEEDS AS SCHEDULED, 800 MCFD
WILL BEGIN FLOWING UNDER NATURAL PRESSURE IN JANUARY, 1979.

3. DIAZ SERRANO CONTINUES TO TALK AT PRICE RANGE OF
\$2.60-2.64 PER TCF, A PRICE TIED TO U.S. NO. 2. FUEL OIL
AT NEW YORK. HE IS AWARE OF THE PROBLEMS THIS MAY CAUSE

WITH THE FPC BUT FEELS THIS IS A MATTER THAT U.S. PUR-
CHASERS CAN RESOLVE WITHOUT THE NEED FOR DIRECT GOM OR
PEMEX PARTICIPATION BEFORE A FOREIGN REGULATORY AGENCY.

4. CRAFTON ASKED THAT NO INFORMATION BE RELEASED TO THE
PRESS UNTIL EX-IM NOTIFIES PEMEX AND EMBASSY THAT LOAN
HAD GONE TO CONGRESS. JDS AGREED AND, WHEN ASKED, SAID
HE HAD NO OBJECTIONS TO EMBASSY OR OTHER USG OFFICIALS
DISCUSSING IT WITH REPORTERS AFTER IT IS PRESENTED TO THE
HILL.

5. ROBERTO DE LA MADRID, GOVERNOR-ELECT OF BAJA
CALIFORNIA NORTE, JOINED THE MEETING MID-WAY THROUGH.
JDS SAID PEMEX WAS CONTINUING TO DRILL IN THE BAHIA DE
VIZCAINO AREA BUT, SO FAR, HAD NOT FOUND GAS OR OIL IN
COMMERCIAL QUANTITIES. ON SHORE, THE MOST PROMISING AREAS
ARE AROUND THE CANTINA NO. 1 WELL, WHICH WAS DISCOVERED
LAST YEAR. OFF SHORE, PEMEX IS NOW CONCENTRATING ITS
EXPLORATION NORTH OF THE 26TH PARALLEL. A LEASED DRILL
SHIP, THE DANWOOD ICE, IS OPERATING THERE. ONE WELL HAS
BEEN DRILLED TO 3990 METERS IN TIGHT LIMESTONE MATRIX. IT
WILL SOON BE STIMULATED BY ACID TO INCREASE FRACTURING.

6. PEMEX HAS A TENNECO ENGINEER WORKING IN ITS OFFICES
TO COORDINATE MEXICAN AND U.S. CONSTRUCTION AND PLANNING.
RELATIONSHIP SEEMS TO BE EXCELLENT AND PEMEX IS TRYING
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PAGE 03 MEXICO 15144 091756Z

HARD TO KEEP ALL INTERESTED PARTIES WELL INFORMED.

7. BANISTER PIPELINES IS EXPLORING THE POSSIBILITY OF
ESTABLISHING A JOINT VENTURE OR TECHNICAL ASSISTANCE
ARRANGEMENT WITH MEXICAN FIRM. SPREADS TOTALING 400 KMS
HAVE BEEN ASSIGNED TO ICA-BECHTEL AND PROTEXA. WTDR'S
ARE UNDER PREPARATION ON ORGANIZACION MEXICANA DE
CONSTRUCTORES (OMECSA), LINEAS DE PRODUCCION (LIPSA),
CONFWRUCCIONES S.A. (CUPSA), AND BENJAMIN MORA, THE OTHER
CONTRACTORS.

8. PEMEX PURCHASING MANAGER TOLD PETOFF THAT PEMEX WAS
SKEPTICAL OF LOW PIPE BID SUBMITTED BY JAPANESE. IN THE
PAST, THE COMPANY HAS HAD QUALITY CONTROL PROBLEMS WITH
EQUIPMENT FROM JAPANESE SUPPLIERS.

9. EMBASSY COMMENT. THINGS APPEAR TO BE MOVING AT THE
FRENETIC PACE JDS DEMANDS. IF THE PIPELINE SEEMS TO BE
A RATHER HELTER-SKELTER PROJECT, IT IS BECAUSE PEMEX IS
TRYING TO BUILD THE LINE AND ORDER THE EQUIPMENT NEEDED
BEFORE THEY HAVE A COMPLETE DESIGN IN HAND. SO FAR, IT'S
WORKING. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPLORATION, NATURAL GAS, PIPELINES
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO15144
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770328-0303
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770981/aaaacqon.tel
Line Count: 116
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 494d9849-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MEXICO 14985
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1333968
Secure: OPEN
Status: NATIVE
Subject: PEMEX PLANS FOR GAS PIPELINE; EXPLORATION IN BAJA CALIFORNIA
TAGS: ENRG, EALR, BENC, BEXP, MX, JA, PEMEX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/494d9849-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009